



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 19, 2006

H.R. 3082 **Veterans Small Business and Memorial Affairs Act of 2006**

*As ordered reported by the House Committee on Veterans' Affairs
on July 13, 2006*

SUMMARY

H.R. 3082 would make changes to several programs for veterans, primarily for veterans' employment and training benefits and veterans' burial benefits. CBO estimates that implementing this bill would cost \$1 million in 2007 and \$22 million over the 2007-2011 period, assuming appropriation of the necessary amounts. In addition, CBO estimates that enacting this legislation would increase direct spending for veterans programs by less than \$500,000 in 2007 and by \$2 million over the 2007-2016 period.

H.R. 3082 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3082 is summarized in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services).

TABLE 1. ESTIMATED BUDGETARY IMPACT OF H.R. 3082

| | By Fiscal Year, in Millions of Dollars | | | | |
|---|--|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | |
| Estimated Authorization Level | 4 | 11 | 4 | 3 | 3 |
| Estimated Outlays | 1 | 6 | 8 | 4 | 3 |
| CHANGES IN DIRECT SPENDING | | | | | |
| Estimated Budget Authority | * | * | * | * | * |
| Estimated Outlays | * | * | * | * | * |

NOTE: * = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2007 and that the necessary amounts will be appropriated for each year.

Spending Subject to Appropriation

H.R. 3082 contains provisions that would affect several programs for veterans. CBO estimates that implementing this bill would cost \$1 million in 2007 and almost \$22 million over the 2007-2011 period, assuming appropriation of the necessary amounts (see Table 2).

Veterans' Employment and Training. Title III would establish two demonstration projects for veterans' employment and training. Under section 306, which would be authorized at \$3 million annually for fiscal years 2007 through 2011, a private contractor would be used for job placement services for disabled veterans. Section 309, which would be authorized at \$1 million for each of fiscal years 2007 through 2009, would focus on providing credentials in high growth or high demand occupations to veterans. Assuming appropriation of the authorized amounts for the demonstration projects, CBO estimates that those provisions would cost \$12 million over the 2007-2011 period.

TABLE 2. CHANGES IN SPENDING SUBJECT TO APPROPRIATION UNDER H.R. 3082

| | By Fiscal Year, in Millions of Dollars | | | | |
|---|--|------|------|------|------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Veterans' Employment and Training | | | | | |
| Authorization Level | 4 | 4 | 4 | 3 | 3 |
| Estimated Outlays | 1 | 3 | 4 | 4 | 3 |
| Cemetery Grants to Tribal Organizations | | | | | |
| Estimated Authorization Level | 0 | 7 | 0 | 0 | 0 |
| Estimated Outlays | 0 | 3 | 4 | 0 | 0 |
| Total Changes in Spending Subject to Appropriation Under H.R. 3082 | | | | | |
| Estimated Authorization Level | 4 | 11 | 4 | 3 | 3 |
| Estimated Outlays | 1 | 6 | 8 | 4 | 3 |

In addition, Title III would require the Comptroller General to submit a report on the project dealing with private contracting of job placement services. CBO estimates that report would cost less than \$500,000.

Cemetery Grants to Tribal Organizations. Section 201 would allow the Department of Veterans Affairs (VA) to provide grants to tribal organizations to establish, expand, or improve veterans' cemeteries on trust lands owned by the tribal organizations. Under current law, VA can only provide grant money to States for the purposes of establishing, expanding, or improving a veterans' cemetery. VA reports that state cemetery grants range from \$4 million to \$7 million, depending on the size of the project, and that the average time to establish a cemetery from design to opening is 24 months. CBO expects that one such request for a cemetery would be made over the 2007-2011 period, and estimates that implementing section 201 would cost \$7 million over that period, subject to appropriation of the necessary amounts.

Small Business Preferences. Section 101 would require VA to establish certain annual goals for contracting with small businesses owned and controlled by veterans, with preference going to those businesses which are owned by veterans with a service-connected disability. The bill also would allow VA to use noncompetitive procedures for awarding contracts to ensure that such annual goals are met.

Section 101 also would require VA to maintain a database of small businesses that are owned and controlled by veterans and to verify the businesses' veteran-owned status. In addition, VA would be required to verify the disability status of those veterans who are listed as having service-connected disabilities. According to VA, it already maintains a database of small businesses owned and controlled by veterans. VA plans to obtain the verifications required under this section by requiring veterans who wish to be included on the list to submit affidavits of both their service-connected status as well as their veteran-owned status. CBO estimates that this provision would have an insignificant effect on federal spending.

Direct Spending

H.R. 3082 contains provisions that would increase direct spending for veterans burial and readjustment benefits programs. CBO estimates that enacting this bill would increase direct spending for veterans programs by less than \$500,000 in 2007, by \$1 million over the 2007-2011 period, and by \$2 million over the 2007-2016 period.

Grave Markers. Section 202 would allow VA to provide a marker or headstone to be placed on a marked grave or other appropriate location in a private cemetery to commemorate a veteran's military service for those veterans who were buried after November 11, 1990. Under current law, veterans buried in a private cemetery are eligible for a second marker or headstone only if they were buried after September 11, 2001.

Section 202 also would indefinitely extend the period during which a marker or headstone could be requested. The authority for VA to provide government headstones or markers to veterans buried in private cemeteries currently expires on December 31, 2006.

Based on VA projections regarding veterans' death rates and the number of veterans who will be buried in private cemeteries, CBO estimates that about 20,000 requests for headstones or markers would be made over the 2007-2016 period. The estimate also reflects information from a VA study that showed that only 27 percent of private cemeteries allow second markers and that less than 5 percent of those eligible would participate in this program. According to VA, a marker or headstone costs about \$92 on average. CBO estimates that this provision would result in an increase in spending for burial benefits of \$1 million over the 2007-2011 period and \$2 million over the 2007-2016 period.

Other provisions. The following provisions would have an insignificant impact on direct spending:

- Section 203 would provide a VA marker or headstone to memorialize deceased, dependent children of veterans whose remains are unavailable for burial. Veterans and their spouses whose remains are unavailable for burial are eligible for memorialization with a VA marker or headstone under current law. CBO estimates that under this section about 30 requests would be made over the 10-year period. With an average cost of about \$92 for each marker, CBO estimates that direct spending for burial benefits would increase by less than \$500,000 over the 2007-2016 period.
- Under current law, the VA can compensate certain individuals for specific work-study programs associated with the department, although the authorization for several of the specified programs to hire work-study students would expire in December of 2006. Section 402 would extend the authorization for those expiring programs for another six months, through June 2007. Based on information from VA regarding the numbers of participants in the expiring programs, CBO estimates that this provision would increase direct spending by less than \$500,000 in 2007.
- Section 404 would extend the period of eligibility for survivors' and dependents' education benefits for those dependents who are members of the National Guard and who are involuntarily ordered to full-time duty under section 502(f) of title 32 of the U.S. Code. (This expanded eligibility would be retroactive to September 11, 2001.) Based on information from VA concerning the number of dependents using education benefits who have been called to active duty with the National Guard, CBO estimates that this provision would increase direct spending by less than \$500,000 over the 2007-2016 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3082 contains no intergovernmental or private-sector mandates, as defined in UMRA, and would impose no costs on state, local, or tribal governments. The bill would add several new requirements for states participating in an employment program for veterans and would make tribal governments eligible for a current program to establish, expand, or improve veteran cemeteries. Any costs to those governments would be incurred as a condition of participating in a voluntary federal program.

PREVIOUS CBO ESTIMATE

On July 19, 2006, CBO transmitted a cost estimate for S. 2694, the Veterans Small Business and Memorial Affairs Act of 2006, as ordered reported by the Senate Committee on Veterans Affairs on June 22, 2006. Sections 201 and 203 of S. 2694 are similar to sections 201 and 202 of H.R. 3038, and the estimated costs are identical.

ESTIMATE PREPARED BY:

Federal Costs:

Burial Benefits: Dwayne M. Wright

Readjustment Benefits: Mike Waters

Veterans' Employment and Training: Christina Hawley Anthony

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Allison Percy

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis